

**SENATE BILL**

**No. 28**

---

**Introduced by Senators Yee and Alquist  
(Coauthor: Senator Oropeza)**

February 5, 2010

---

An act to amend Section 53545.9 of the Health and Safety Code, relating to housing, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 28, as introduced, Yee. Housing and Emergency Shelter Trust Fund Act of 2006: appropriations.

(1) The Housing and Emergency Shelter Trust Fund Act of 2006, adopted and approved by the voters at the November 7, 2006, statewide general election, authorized the issuance of bonds in the amount of \$2,850,000,000 pursuant to the State General Obligation Bond Law. Existing law requires the allocation or availability of specified bond funds to the Construction Liability Insurance Reform Pilot Program and the Innovative Homeownership Program and provides for the reversion of certain funds under specified circumstances. Existing law establishes the Housing-Related Parks Program and the Building Equity and Growth in Neighborhoods (BEGIN) Program, funded by these bonds and administered by the Department of Housing and Community Development, relating to the promotion and support of infill development, housing-related parks, and housing assistance.

This bill would make several legislative findings and declarations relating to jobs associated with residential construction and housing bond funds. The bill would delete the required allocation or availability of funds to the Construction Liability Insurance Reform Pilot Program and the Innovative Homeownership Program and instead require that

funds be allocated and made available to the California Pollution Control Financing Authority, in consultation with the department, to administer loans or grants under the California Recycle Underutilized Sites (CALReUSE) program. The bill would modify the reversion provisions. The bill would appropriate specified amounts from the Regional Planning, Housing, and Infill Incentive Account and the Building Equity and Growth in Neighborhoods Account to the Department of Housing and Community Development for the Housing-Related Parks Program and the BEGIN Program, respectively. The bill would require the department to award these appropriated funds within 180 days from the date the act takes effect.

(2) The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on January 8, 2010.

This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on January 8, 2010, pursuant to the California Constitution.

Vote: majority. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) In 2009, residential construction in California is estimated
- 4 to have hit its lowest recorded level ever.
- 5 (b) Jobs associated with residential construction in California
- 6 have plummeted by an estimated 70 percent since 2005. This
- 7 amounts to more than 350,000 lost jobs.
- 8 (c) During the current economic crisis, it is imperative to
- 9 expedite the distribution of approved housing bond funds in order
- 10 to invigorate local economies.
- 11 (d) In addition to creating jobs, infrastructure improvements
- 12 made possible by these investments will produce numerous benefits
- 13 to communities, including shorter and safer commutes, increased
- 14 public park space, and housing stability to help children learn and
- 15 thrive.

SEC. 2. Section 53545.9 of the Health and Safety Code is amended to read:

53545.9. Of the one hundred million dollars (\$100,000,000) transferred to the Affordable Housing Innovation Fund established in the State Treasury under subparagraph (F) of paragraph (1) of subdivision (a) of Section 53545, the following amounts shall be allocated as follows:

(a) (1) The department shall make available the amount of fifty million dollars (\$50,000,000) for the Affordable Housing Revolving Development and Acquisition Program.

(2) Of the amount made available for the program, ~~twenty-five million dollars (\$25,000,000) shall be made available for the Loan Fund and twenty-five million dollars (\$25,000,000) shall be made available for the Practitioner Fund;~~ *the amounts shall be as follows:*

(A) *Twenty-five million dollars (\$25,000,000) shall be made available for the Loan Fund. Any funds not encumbered for the purposes set forth pursuant to this subparagraph by the effective date of the statute amending this section shall revert to the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2.*

(B) *Twenty-five million dollars (\$25,000,000) shall be made available for the Practitioner Fund.*

(b) The department shall make available the amount of ~~five million dollars~~ *fifteen million dollars* ~~(\$5,000,000)~~ *(\$15,000,000)* for the ~~Construction Liability Insurance Reform Pilot Program, which is hereby established in the Department of Housing and Community Development. The purpose of the program is to promote best practices for residential construction quality control in housing programs sponsored by the department or the California Housing Finance Agency, as a means of reducing insurance rates for condominium developers in this state. Funds shall be made available in the form of grants for predevelopment costs of condominium projects funded by the department or the California Housing Finance Agency that utilize enhanced construction oversight and monitoring programs and processes, including, but not limited to, video recording of the construction process, use of quality control manuals, and increased quality control inspections.~~ *California Pollution Control Financing Authority, in consultation with the department, to administer loans or grants under the*

1 *California Recycle Underutilized Sites (CALReUSE) program*  
2 *pursuant to Section 53545.14.*

3 (c) The department shall make available the amount of  
4 thirty-five million dollars (\$35,000,000) for the local housing trust  
5 fund matching grant program established under Section 50843.5.  
6 The department shall make available 50 percent of this amount  
7 exclusively for newly established housing trust funds.

8 (1) When awarding grants from the funds allocated under this  
9 subdivision to existing trust funds, the department shall grant  
10 preference to a housing trust fund that agrees to expend more than  
11 65 percent of state funds for the purpose of downpayment  
12 assistance to first-time homebuyers.

13 (2) When awarding grants from the funds allocated under this  
14 subdivision to newly established housing trust funds, the  
15 department shall set aside funding, for a period of 36 months from  
16 the date funds are first made available, for newly established  
17 housing trust funds that are in a county with a population of less  
18 than 425,000 persons, based on the decennial United States Census  
19 for the year 2000.

20 ~~(3) (A) Notwithstanding any other provision of law, funds set~~  
21 ~~aside for newly established housing trust funds shall be available~~  
22 ~~for encumbrance for 42 months after the date the funds are first~~  
23 ~~made available and disbursements in liquidation of the~~  
24 ~~encumbrance shall be made before or during 48 months after the~~  
25 ~~date funds are first made available.~~

26 ~~(B) Notwithstanding subparagraph (F) of paragraph (1) of~~  
27 ~~subdivision (a) of Section 53545, any funds not encumbered for~~  
28 ~~newly established housing trust funds within 42 months after the~~  
29 ~~date the funds are first made available shall revert to the Self-Help~~  
30 ~~Housing Fund created by Section 50697.1 and shall be available~~  
31 ~~for the purposes described in subparagraph (D) of paragraph (1)~~  
32 ~~of subdivision (a) of Section 53545.~~

33 ~~(d) The department shall make available the amount of ten~~  
34 ~~million dollars (\$10,000,000) for the Innovative Homeownership~~  
35 ~~Program, which the department shall develop and implement as~~  
36 ~~follows:~~

37 ~~(1) The program shall be designed to increase or maintain~~  
38 ~~affordable homeownership opportunities for Californians with~~  
39 ~~lower incomes.~~

~~(2) The department shall adopt guidelines for the program that, among other things, shall maximize the number of units assisted, limit the expenditure of funds for administrative costs, and maximize the leverage of public and private financing sources.~~

~~(3) The guidelines adopted by the department shall provide for the issuance of a notice of funding availability soliciting competitive proposals for the use of funds consistent with those guidelines and with subparagraph (F) of paragraph (1) of subdivision (a) of Section 53545.~~

~~(4) The guidelines adopted by the department shall not be subject to the requirements of Chapter 6.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.~~

~~(5) The department shall include within the annual report required under Section 50408 a detailed summary and description of the manner in which funds made available under this subdivision were expended during the previous year and a statement regarding the manner in which those expenditures meet the intent of the Legislature and the voters that funds from the Innovative Housing Fund be expended in support of innovative, cost-saving approaches to creating or preserving affordable housing.~~

*(3) Any funds not encumbered for the purposes set forth in this subdivision by the effective date of the statute amending this section shall revert to the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2.*

SEC. 3. The sum of twenty-five million dollars (\$25,000,000) is hereby appropriated from the Regional Planning, Housing, and Infill Incentive Account in the Housing and Emergency Shelter Trust Fund of 2006 to the Department of Housing and Community Development for the Housing-Related Parks Program pursuant to Chapter 8 (commencing with Section 50700) of Part 2 of Division 31 of the Health and Safety Code.

SEC. 4. The sum of five million dollars (\$5,000,000) is hereby appropriated from the Building Equity and Growth in Neighborhoods Account in the Housing and Emergency Shelter Trust Fund of 2006 to the Department of Housing and Community Development for the Building Equity and Growth in Neighborhoods (BEGIN) Program pursuant to Chapter 14.5 (commencing with Section 50860) of Part 1 of Division 31 of the Health and Safety Code.

1 SEC. 5. Funds appropriated in Sections 3 and 4 of this act shall  
2 be awarded by the Department of Housing and Community  
3 Development no later than 180 days from the date the statute  
4 enacting this act takes effect. If funds are not awarded within the  
5 180 days, the department shall submit a report to the Legislature  
6 with an explanation for the delay.

7 SEC. 6. This act addresses the fiscal emergency declared by  
8 the Governor by proclamation on January 8, 2010 pursuant to  
9 subdivision (f) of Section 10, of Article IV of the California  
10 Constitution.

O